GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:4729
ANSWERED ON:19.12.2000
LOSSES TO SUBSIDIARIES OF CCL
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Will the Minister of COAL be pleased to state:

(a) whether the subsidiary companies of Coal India Ltd. are incurring heavy losses;

(b) if so, the reasons therefor; and

(c) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE FOR COAL (SHRI N.T.SHANMUGAM)

(a): Three subsidiary companies of Coal India Limited, namely, Eastern Coalfields Limited (ECL), Bharat Coking Coal Limited(BCCL)and Central Coalfields Limited(CCL),have been incurring losses. The losses incurred by these companies during last three years are as under :

	1997-98	1998-99	1999-2000
ECL	(-)541.89	(-)472.47	(-)728.23
BCCL	(-)140.91	(-)442.34	(-)692.32
CCL	(-)85.67	(-)149.35	(-)121.24

(b): The main reasons for loss in these companies are as under:

(i) existence of a large number of small underground

(UG)mines, most of which were taken over at the time of nationalisation and are no longer amenable to significant increases in productivity,

(ii) low productivity from UG mines as compared to successive increases in wages and dearness allowance of the employees,

(iii) surplus manpower; and

(iv) adverse geo-mining conditions and problems of land acquisition and resettlement of land oustees affecting production from a few large coal mines.

(c): In February, 1996, a package of capital restructuring of CIL was approved by the Government whereby CIL's overdue liabilitiesof Rs. 2228.57 crores were taken care of by waiver of arrears of interest, partly by conversion to preference equity and partly by moratorium on repayment and interest accrual. These benefits were passed on to the loss making subsidiaries such as ECL and BCCL. Further, in order to improve the performance of the loss making companies of ECL and BCCL the CIL had effected an internal restructuring of the equity and loan structure of its subsidiaries whereby debts of Rs. 994 crores in ECL andRs. 1180.70 crores in BCCLwere converted into equity. Despite a number of measures taken to improve the financial position of the loss making companies, these companies continue to incur losses. Therefore, Coal India Limited, the holding company,engaged Industrial Credit and Investment Corporation of India Limited (ICICI) to suggest measures for revival of ECLand BCCL and engaged Industrial Development Bank of India (IDBI) to suggest measures for revival of CCL.